



Monthly Bulletin

Volume 12, Number 3

September 2008

Message from the Commissioner

October 6, 2008

To: California State Chartered Financial Institutions

From: William S. Haraf, Commissioner of Financial Institutions

Hello Everyone,

We are currently living through one of the most tumultuous periods in U.S. financial history. The impact has been felt around the world. The extent of federal government intervention in financial markets over the past few weeks alone has not been seen since the Great Depression.

Last Friday, October 03, 2008 President Bush signed into law the Emergency Economic Stabilization Act of 2008. The legislation temporarily raises deposit insurance limits from \$100,000 to \$250,000. I encourage those of you who are with insured depository institutions to take the time to educate your customers about the new deposit insurance limits, and to reassure them about the safety of their insured deposits.

The centerpiece of this law, however, is the troubled asset relief program (TARP). TARP authorizes the Secretary of the Treasury to purchase, and to make and fund commitments to purchase troubled assets of financial institutions. At this point, we do not know very much about the process the Treasury Department will utilize, the prices that will be paid, and from whom Treasury will buy. I suspect that even with heroic efforts, it will take time to get this program functioning at a high level and for its impact to be felt.

In my first letter for this Bulletin six months ago, I noted that the California economy was experiencing an economic slow down along with the rest of the country, and that no one really knew how long it would last, how serious it would become, or how deeply it would affect financial institutions operating in the state. I feel the same way today. Those that are convinced the worst is over now that this

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legislation has been enacted may be too complacent. All of us need to stay ahead of the curve addressing our current problems and preparing for the possibility of further trouble ahead.

Despite the financial turmoil over the past year, at this time the vast majority of our licensees remain well capitalized and liquid. Some, however, are struggling with asset quality and liquidity-related issues. With that in mind, this is a good time for me to remind those institutions that have relied on brokered deposits and other noncore funding sources, how quickly those funding sources can dry up as an institution's capital and asset quality deteriorate. Careful liquidity contingency planning is essential in this environment. Ultimately, however, a strong balance sheet is the best protection against a liquidity problem. If your balance sheet is weak, a back-up liquidity plan should only be viewed as a bridge to a capital raise or a merger if need be.

Since the TARP was first proposed on September 19th, I have been working hard to ensure that the dual chartering system is not compromised and that financial institutions of all sizes and types receive fair and equitable treatment in its implementation. I plan to continue to do so now that this law is in place. The legislation leaves many questions about the future of financial market regulation and supervision unanswered. Much will be left to the new President and the next Congress to decide. We all have much to think about and much to do. I look forward to hearing from you.

Sincerely,

William S. Haraf, Commissioner
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Conservation of Valley Credit Union

On Tuesday, September 2, 2008, the Commissioner of Financial Institutions took possession of Valley Credit Union and ordered that it be conserved. The Commissioner then appointed the National Credit Union Administration ("NCUA"), as Conservator, and the NCUA accepted the appointment.

DFI and LBC Mundial Corporation Enter into an Agreement

On September 16, 2008, the Commissioner of Financial Institutions entered into a settlement agreement with Santiago Araneta, Juan Carlos Araneta, Fernando Araneta and Monica Araneta (collectively referred to as the "Aranetas"), principal owners of LBC Mundial Corporation, a licensed money transmitter, in which the Aranetas agreed to pay \$25,000 to the Department, and the Commissioner agreed to take no further action with respect to alleged violations of the Financial Code related to untimely submission of an application for approval to acquire control.

Commercial Bank Activity

New Bank

Banco Buena Ventura
143 Fifth Street, Oxnard, Ventura County
Correspondent: Diana Sherwood
143 West Fifth Street
Oxnard, CA 93030
(805) 822-5592
Filed: 9/8/08
Approved: 9/18/08

Acquisition of Control

Robert K. Barth, to acquire control of California Republic Bank
Filed: 9/4/08
Approved: 9/18/08

Murray Pasternack, to acquire control of Capital Bank
Filed: 8/27/08

Ta Jen (Jeff) Lee, to acquire control of First General Bank
Filed: 8/25/08
Approved: 9/16/08

Purchase of Partial Business Unit

Ojai Community Bank, Ojai, to acquire certain branches of Pacific Capital Bank, N.A., Santa Barbara
Approved: 9/15/08

Change of Name

The Mechanics Bank, Richmond, to change its name to Mechanics Bank
Approved: 5/29/08

Industrial Bank Activity

Conversion to State Charter

Home Bank of California, Tustin, to convert to a state-chartered commercial bank
Effected: 7/11/08

Premium Finance Company Activity

New Premium Finance Company

Alpine Funding Partners, Inc.
111 Sutter Street, City and County of San Francisco
Filed: 9/8/08

Bulldog Premium Finance of California, Inc.
8530 La Mesa Boulevard, La Mesa, San Diego County
Filed: 9/2/08
Approved: 9/23/08

Integrity Premium Finance Corporation
8530 La Mesa Boulevard, La Mesa, San Diego County
Filed: 9/28/08

Ocean View Premium Finance of California, Inc.
8530 La Mesa Boulevard, La Mesa, San Diego County
Filed: 9/8/08
Approved: 9/25/08

Trafalgar Premium Finance, Inc.
18111 Von Karman Avenue, Irvine, Orange County
Abandoned: 9/18/08

Voluntary Surrender of License

California Premium Financing, Inc.
Effectuated: 4/23/08

Top Premium Finance Company, Inc.
Effectuated: 9/16/08

Trust Company Activity

Acquisition of Control

Richard S. Arnold, to acquire control of San Pasqual Fiduciary Trust Company
Filed: 9/5/08
Approved: 9/15/08

Foreign (Other Nation) Bank Activity

New Office

DEPFA Bank plc
Esquire Plaza, 1215 K Street, City and County of Sacramento (Representative Office)
Opened: 9/2/08

ICICI Bank
City and County of San Francisco (Representative Office)
Filed: 9/23/08

Foreign (Other State) Bank Activity

New Facility

Bank2 (Facility – Insured Bank)
120 Railroad Avenue, Richmond, Contra Costa
Notified: 9/30/08

Credit Union Activity

Field of Membership

Two credit unions received approval to add four new fields of membership during August 2008.

Bylaw Amendment

Five credit unions received approval for seven bylaw amendments during August 2008.

Conversion

Building Trades Federal Credit Union, Orange, to convert to state charter
Withdrawn: 9/15/08

Merger

Arrow Credit Union, San Leandro, to merge with and into Spectrum Federal Credit Union, San Francisco
Effected: 8/1/08

Financial 21 Community Credit Union, San Diego, to merge with and into California Coast Credit Union, San Diego
Approved: 9/23/08

Merger (Continued)

OCHA Credit Union, Orange, to merge with and into Pacific Community Credit Union, Fullerton
Approved: 9/3/08

Change of Name

Chevron Valley Credit Union to change its name to Sun Financial Credit Union
Effectuated: 11/2/04

WILLIAM S. HARAF
Commissioner of Financial Institutions

Bulletin for Month ended
September 2008, issued pursuant
to Financial Code section 258



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